

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Financial Statement and Auditor's Review Report

Second Quarter of 2025 and 2024

Address: 9F., No.95, Minguan Rd., Xindian Dist., New Taipei City

Telephone: (02)2218-6789

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Auditors' Review Report

To the Board of Directors of TSC Auto ID Technology Co., Ltd.:

Background

We have audited the consolidated balance sheet as of June 30, 2025; the consolidated incomes statement from April 1 to June 30 and January 1 to June 30, 2025; the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to June 30, 2025 of TSC Auto ID Technology Co., Ltd. and its subsidiaries ("TSC Auto ID Technology Group") and the notes to consolidated financial statements (including the summary of major accounting policies). According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 Interim Financial Reporting recognized and promulgated by the Financial Supervisory Commission, the preparation of consolidated financial reports for fair representation is the management's responsibility. Our responsibility is to reach conclusions based on the review result of consolidated financial statements.

Scope

Except as explained in the following paragraph, we reviewed the financial statements in accordance with the Standard on Review Engagements ISRE 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity." The procedures of a review of consolidated financial statements include inquiries (mainly to financial and accounting personnel), analytical procedures and other review procedures. A review is substantially less in scope than an audit. Therefore, we may not be able to detect all the material items which can be identified via audit work and will not be able to express an opinion accordingly.

Basis for Qualified Conclusion

As described in Note 4(2) to the consolidated financial statements, the financial information of certain immaterial subsidiaries included in the aforementioned consolidated financial statements was based on the investees' financial statements for the same periods, which were not reviewed by independent accountants. As of June 30, 2025, total assets were NT\$2,822,677 thousand, representing 23.41% of consolidated total assets, and total liabilities were NT\$600,583 thousand, representing 7.99% of consolidated total liabilities. Comprehensive income for the periods from April 1 to June 30, 2025 and from January 1 to June 30, 2025 was NT\$132,598 thousand and NT\$184,685 thousand, representing (62.36)% and (853.84)% of consolidated comprehensive income, respectively.

Qualified Conclusion

Based on our review and the review reports of other independent auditors (please refer to the Other Matter paragraph), except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph with respect to the financial statements of investee that were not reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial

position of TSC Auto ID Technology Co., Ltd. and its subsidiaries as of June 30, 2025, and the consolidated financial performance and consolidated cash flows for the three-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”, as endorsed by the Financial Supervisory Commission of the Republic of China.

Other Matters

Among the subsidiaries consolidated in the above-mentioned consolidated financial statements, the financial statements of certain subsidiaries were not reviewed by us but by other auditors. Therefore, with respect to the amounts included in the financial statements of such companies, our review of the aforementioned consolidated financial statements is based solely on the review of the financial statements conducted by the other CPAs. As of June 30, 2025, these subsidiaries had total assets of NT\$2,334,779 thousand, representing 19.36% of consolidated total assets; and for the periods from April 1 to June 30, 2025 and from January 1 to June 30, 2025, net operating revenues of NT\$933,600 thousand and NT\$1,871,126 thousand, representing 30.30% and 31.51% of consolidated net operating revenues, respectively.

The consolidated financial statements of TSC Auto ID Technology Co., Ltd. and its subsidiaries for the second quarter of 2024 were reviewed by other CPAs, who issued an unqualified review report thereon on August 9, 2024.

KPMG Taiwan

Guo Yan Glun

CPA:

Xiao Pei Ru

Document Approved No. of
Competent Authority in Charge
of Security

Financial-Supervisory-Securities-
Corporate-1120333238
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August 8, 2025

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheet
June 30, 2025, December 31, 2024, and June 30, 2024

Unit: NT\$ thousand

		June 30, 2025		December 31, 2024		June 30, 2024				June 30, 2025		December 31, 2024		June 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (Note 6(1))	\$ 1,593,222	13	1,822,879	14	1,169,071	12	2100	Short-term loans (Note 6(10))	\$ 1,642,395	14	1,841,636	14	689,717	7
1110	Financial assets at fair value through profit or loss (Note 6(2))	-	-	43	-	-	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	35,014	-	69,261	-	54,866	1
1170	Notes receivable, net (Notes 6(4) and 7)	1,898,890	16	1,788,945	14	1,321,718	14	2170	Accounts payable	882,865	7	709,006	6	764,362	8
1200	Other receivables	48,281	-	57,166	-	54,024	1	2200	Other payables (Notes 6(12) and 7)	937,691	8	482,293	4	1,064,432	11
130X	Inventory (Note 6(5))	2,044,491	17	2,010,639	16	1,629,427	17	2230	Income tax liability during the period	106,895	1	91,505	1	79,467	1
1410	Prepayments	155,497	1	196,718	2	65,641	1	2250	Liability reserve - current	23,032	-	18,705	-	7,001	-
1470	Other current assets	55,842	-	72,109	1	56,724	1	2280	Lease liabilities - current (Note 6(13))	116,956	1	120,939	1	83,388	1
		5,796,223	47	5,948,499	47	4,296,605	46	2322	Current portion of long-term loans (Note 6(11))	219,197	2	207,442	2	8,443	-
Non-current assets:															
1517	Financial assets measured at fair value through other comprehensive incomes – non-current (Note 6(3))	766,878	6	849,072	7	1,209,768	13	2399	Other current liabilities (Note 6(18))	298,567	2	293,401	2	142,024	2
								Non-current liabilities:		4,262,612	35	3,834,188	30	2,893,700	31
1600	Property, plant and equipment (Note 6(6))	1,386,729	12	1,442,391	11	1,309,159	14	2500	Financial liabilities at fair value through profit or loss - non-current (Note 6(2))	27,176	-	26,784	-	20,718	-
1755	Right-of-use assets (Note 6(7))	556,677	5	678,641	5	303,936	3	2540	Long-term loans (Note 6(11))	1,980,742	16	2,335,770	18	446,980	5
1805	Goodwill (Note 6(8))	1,814,709	15	1,945,645	15	1,324,198	14	2570	Deferred income tax liabilities	695,575	6	762,850	6	546,573	6
1821	Other intangible assets, net (Note 6(9))	975,458	8	1,073,007	9	407,343	5	2580	Lease liabilities - non-current (Note 6(13))	459,606	4	567,344	5	203,706	2
1840	Deferred income tax assets	689,275	6	668,750	5	400,054	4	2640	Net defined benefit liability - non-current	23,338	-	15,431	-	16,878	-
1990	Other non-current assets	73,027	1	99,858	1	85,852	1	2670	Other non-current liabilities	67,616	1	62,217	1	59,065	1
		6,262,753	53	6,757,364	53	5,040,310	54			3,254,053	27	3,770,396	30	1,293,920	14
Total assets		\$ 12,058,976	100	12,705,863	100	9,336,915	100	Total liabilities		7,516,665	62	7,604,584	60	4,187,620	45

(Please refer to the enclosed notes to the consolidated financial statements)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Comprehensive Income Statement
April 1 to June 30, 2025 and 2024, January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

		April to June 2025		April to June 2024		January to June 2025		January to June 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating incomes (Notes 6(18), 7)	\$ 3,081,540	100	2,068,983	100	5,937,633	100	3,944,469	100
5000	Operating costs (Notes 6(5), 7)	2,060,476	67	1,376,998	66	4,067,863	69	2,661,083	67
	Gross profits	1,021,064	33	691,985	34	1,869,770	31	1,283,386	33
6000	Operating expenses: (Notes 6(14)(17), 7)								
6100	Sales & marketing expenses	354,881	11	235,804	12	671,898	11	451,441	12
6200	Administrative expenses	157,208	5	129,668	6	305,790	5	249,480	6
6300	R&D expenses	144,715	5	63,475	3	295,206	5	119,334	3
6450	Expected credit impairment loss (reversal gain) (Note 6(4))	6	-	(1,272)	-	1,909	-	(1,490)	-
		656,810	21	427,675	21	1,274,803	21	818,765	21
	Operating profits	364,254	12	264,310	13	594,967	10	464,621	12
	Non-operating incomes and expenses: (Notes 6(20), 7)								
7100	Interest income	5,696	-	4,117	-	9,543	-	6,930	-
7190	Other incomes	32,173	1	38,323	2	37,159	1	44,141	1
7020	Other gains and losses	(87,900)	(3)	10,589	1	(58,791)	(1)	34,027	1
7050	Financial cost	(35,777)	(1)	(16,810)	(1)	(77,915)	(1)	(32,036)	(1)
		(85,808)	(3)	36,219	2	(90,004)	(1)	53,062	1
	Profits before tax	278,446	9	300,529	15	504,963	9	517,683	13
7950	Less: Income tax expenses (Note 6(15))	50,159	2	72,052	4	91,338	2	129,426	3
	Net income for the period	228,287	7	228,477	11	413,625	7	388,257	10
8300	Other comprehensive income:								
8310	Items that are not to be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive incomes	19,950	1	27,132	1	(82,194)	(1)	(238,266)	(6)
8349	Income tax components that will not be reclassified	-	-	-	-	-	-	-	-
		19,950	1	27,132	1	(82,194)	(1)	(238,266)	(6)
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of financial statements of foreign operations	(563,730)	(18)	47,930	2	(429,315)	(7)	175,705	4
8399	Income tax components that may be reclassified (Note 6(15))	102,869	(3)	(9,586)	-	76,254	(1)	(35,141)	1
	Total items that may be subsequently reclassified to profit or loss	(460,861)	(15)	38,344	2	(353,061)	(6)	140,564	3
8300	Other comprehensive income for the period	(440,911)	(14)	65,476	3	(435,255)	(7)	(97,702)	(3)
	Total comprehensive income for the period	<u>\$ (212,624)</u>	<u>(7)</u>	<u>293,953</u>	<u>14</u>	<u>(21,630)</u>	<u>-</u>	<u>290,555</u>	<u>7</u>
	Net income attributable to:								
8610	Owners of the parent company	\$ 226,541	7	228,477	11	410,084	7	388,257	10
8620	Non-controlling interest	1,746	-	-	-	3,541	-	-	-
		<u>\$ 228,287</u>	<u>7</u>	<u>228,477</u>	<u>11</u>	<u>413,625</u>	<u>7</u>	<u>388,257</u>	<u>10</u>
	Total comprehensive income attributable to:								
	Owners of the parent company	\$ (212,922)	(7)	293,953	14	(25,062)	-	290,555	7
	Non-controlling interest	298	-	-	-	3,432	-	-	-
		<u>\$ (212,624)</u>	<u>(7)</u>	<u>293,953</u>	<u>14</u>	<u>(21,630)</u>	<u>-</u>	<u>290,555</u>	<u>7</u>
	Basic EPS (NT\$) (Note 6(21))	<u>\$ 4.77</u>		<u>4.85</u>		<u>8.64</u>		<u>8.24</u>	
	Diluted EPS (NT\$) (Note 6(21))	<u>\$ 4.75</u>		<u>4.81</u>		<u>8.59</u>		<u>8.16</u>	

(Please refer to the enclosed notes to the consolidated financial statements)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Changes in equity
January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

	Equity attributable to owners of the parent company											
	Retained earnings						Exchange differences on translation of financial statements of foreign operations	Other equity		Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		Unrealized gain (loss) of financial assets measured at fair value through other comprehensive incomes	Total			
Balance at January 1, 2024	\$ 471,406	676,011	770,477	8,597	2,770,511	3,549,585	(83,887)	848,156	764,269	5,461,271	-	5,461,271
Net income for the period	-	-	-	-	388,257	388,257	-	-	-	388,257	-	388,257
Other comprehensive income for the period	-	-	-	-	-	-	140,564	(238,266)	(97,702)	(97,702)	-	(97,702)
Total comprehensive income for the period	-	-	-	-	388,257	388,257	140,564	(238,266)	(97,702)	290,555	-	290,555
Exercise of employee stock options	95	1,215	-	-	-	-	-	-	-	1,310	-	1,310
Appropriation and distribution:												
Legal reserve appropriated	-	-	92,507	-	(92,507)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,854)	(612,854)	-	-	-	(612,854)	-	(612,854)
Share-based compensation – employee stock options	-	9,013	-	-	-	-	-	-	-	9,013	-	9,013
Balance at June 30, 2024	\$ 471,501	686,239	862,984	8,597	2,453,407	3,324,988	56,677	609,890	666,567	5,149,295	-	5,149,295
Balance at January 1, 2025	\$ 473,791	722,280	862,984	8,597	2,723,957	3,595,538	(15,010)	249,194	234,184	5,025,793	75,486	5,101,279
Net income for the period	-	-	-	-	410,084	410,084	-	-	-	410,084	3,541	413,625
Other comprehensive income for the period	-	-	-	-	-	-	(352,952)	(82,194)	(435,146)	(435,146)	(109)	(435,255)
Total comprehensive income for the period	-	-	-	-	410,084	410,084	(352,952)	(82,194)	(435,146)	(25,062)	3,432	(21,630)
Exercise of employee stock options	1,605	19,361	-	-	-	-	-	-	-	20,966	-	20,966
Appropriation and distribution:												
Legal reserve appropriated	-	-	65,880	-	(65,880)	-	-	-	-	-	-	-

(Please refer to the enclosed notes to the consolidated financial statements)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

Cash dividends	-	-	-	-	(474,481)	(474,481)	-	-	-	(474,481)	-	(474,481)
Changes in ownership interests in subsidiaries	-	(1,984)	-	-	(14,944)	(14,944)	-	-	-	(16,928)	(73,505)	(90,433)
Share-based compensation – employee stock options	-	6,610	-	-	-	-	-	-	-	6,610	-	6,610
Balance at June 30, 2025	\$ 475,396	746,267	928,864	8,597	2,578,736	3,516,197	(367,962)	167,000	(200,962)	4,536,898	5,413	4,542,311

(Please refer to the enclosed notes to the consolidated financial statements)

Chairman: Wang Hsing Lei

Chief Executive Officer: Chen Ming-Yi

Chief Accounting Officer: Chen Yen-Han

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to June 30, 2025 and 2024

Unit: NT\$ thousand

	January to June 2025	January to June 2024
Cash flows from operating activities:		
Profit before tax	\$ 504,963	517,683
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	166,642	125,359
Amortization expenses	107,658	28,870
Expected credit impairment losses (reversal gains)	1,909	(1,490)
Interest expense	77,915	32,036
Interest income	(9,543)	(6,930)
Dividend income	(31,920)	(31,920)
Shares-based payment	6,610	9,013
Gain on disposal and scrapping of property, plant, and equipment (loss)	(181)	449
Inventory devaluation loss	19,602	1,748
Unrealized foreign exchange gains	(21,662)	(28,149)
Total adjustments to reconcile profit (loss)	<u>317,030</u>	<u>128,986</u>
Changes in assets/liabilities related to operating activities:		
Decrease in financial assets measured at fair value through profit or loss	43	4,543
(Increase) decrease in accounts receivable	(51,441)	50,784
Decrease in other receivables	11,141	9,328
Increase in inventory	(53,454)	(81,583)
Decrease (increase) in prepayments	34,100	(15,690)
Increase in other current assets	(21,355)	(1,484)
Decrease in other non-current assets	147	1,229
(Decrease) increase in financial liabilities measured at fair value through profit or loss	(35,539)	74,662
Increase in accounts payable	150,867	26,561
Increase (decrease) in other payables	2,444	(123,314)
Increase in provisions	4,744	340
Increase in other current liabilities	9,441	19,683
Increase in net defined benefit liability	7,907	36
Increase in other non-current liabilities	9,637	11,262
Total adjustments	<u>385,712</u>	<u>105,343</u>
Cash inflows from operating activities	890,675	623,026
Interest received	9,857	7,374
Income tax paid	(80,570)	(108,179)
Net cash flows from operating activities	<u>819,962</u>	<u>522,221</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive incomes	-	(93,834)
Acquisition of subsidiaries	(90,433)	-
Acquisition of property, plant and equipment	(64,248)	(42,890)
Disposal of property, plant and equipment	2,126	-
Increase in refundable deposits	(1,439)	(19)
Acquisition of intangible assets	(23,086)	(2,281)
Disposal of intangible assets	679	-
Increase in equipment prepayments	(8,399)	(57,673)
Net cash outflows from investing activities	<u>(184,800)</u>	<u>(196,697)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(177,579)	19,131
Borrowing of long-term loans	760,835	-
Repayment of long-term loans	(1,104,179)	(164,667)
Repayment of lease principals	(91,264)	(65,053)
Exercise of employee stock options	20,966	1,310
Interest paid	(19,163)	(32,749)
Net cash outflows from financing activities	<u>(610,384)</u>	<u>(242,028)</u>
Currency impact on cash and cash equivalents	(254,435)	20,025
(Decrease) increase in cash and cash equivalents during the period	(229,657)	103,521
Cash and cash equivalents at the beginning of the period	1,822,879	1,065,550
Cash and cash equivalents at the end of the period	<u><u>\$ 1,593,222</u></u>	<u><u>1,169,071</u></u>

(Please refer to the enclosed notes to the consolidated financial statements)

Chairman: Wang Hsing Lei Chief Executive Officer: Chen Ming-Yi Chief Accounting Officer: Chen Yen-Han

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

TSC Auto ID Technology Co., Ltd. and Its Subsidiaries Notes to Consolidated Financial Statements Second Quarter of 2025 and 2024 (Unit: NT\$ thousand unless otherwise indicated)

I. Company history

TSC Auto ID Technology Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on March 19, 2007 with the approval of the Ministry of Economic Affairs, with its registered address at 9F, No. 95, Minquan Road, Xindian District, New Taipei City, Taiwan. The Company’s shares were listed on the Taipei Exchange (TPEX) on November 26, 2008. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the manufacturing and services of global auto-identification system products.

II. Dates and procedures of approving financial reports

The consolidated financial reports were published on August 8, 2025 after approval by the Board of Directors.

III. Applicability of new and modified standards and interpretations

- (I) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, which have already been adopted

The Group has applied the following amended International Financial Reporting Standards (IFRSs) starting from January 1, 2025, which did not have a material impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

- (II) Impact of IFRSs endorsed by the Financial Supervisory Commission but not yet adopted

The Group has assessed the following new and amended IFRSs that will take effect on January 1, 2026, and concluded that they are not expected to have a material impact on the consolidated financial statements.

- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments” relating to the application guidance in IFRS 9 Sections 3.1 and 3.3 and related disclosure requirements in IFRS 7
- Annual Improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7 “7 “Contracts Referencing Nature-dependent Electricity”

- (III) Newly issued and amended standards and interpretations not yet endorsed by the Financial

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Supervisory Commission

The standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not yet endorsed by the Financial Supervisory Commission that may be relevant to the Group are as follows:

Newly issued or amended standards	Main amended content	IASB release and effective date
IFRS 18 "Presentation and Disclosures of Financial Statements"	The new standard introduces three categories of income and expenses, two subtotals in the statement of profit or loss, and a single note on management performance measures (MPMs). These three amendments strengthen the guidance on disaggregating information in financial statements, providing a foundation for more useful and consistent information to users, and will affect all companies. • More structured statement of profit or loss: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standard requires a more structured statement of profit or loss, introduces a newly defined subtotal "operating profit," and mandates classification of all income and expenses according to three new defined categories based on a company's main business activities. • Management Performance Measures (MPMs): The new standard introduces a definition of MPMs and requires companies to include a single note in the financial statements explaining, for each measure, why it provides useful information, how it is calculated, and how it reconciles to amounts recognized under IFRS Accounting Standards. • More disaggregated information:	January 1, 2027

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

The new standard enhances guidance on how companies disaggregate information in financial statements, including whether information should be presented in the primary financial statements or further broken down in the notes.

The Group is currently assessing the impact of the above standards and interpretations on its financial position and operating results, and the related effects will be disclosed once the assessment has been completed.

The Group expects that the following other newly issued and amended standards not yet endorsed will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosure”

IV. Summary of significant accounting policies

Except as described below, the significant accounting policies adopted in these consolidated financial statements are the same as those applied in the consolidated financial statements for 2024. For related information, please refer to the consolidated financial statements for 2024.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and International Accounting Standard 34, “Interim Financial Reporting,” as endorsed and made effective by the Financial Supervisory Commission. These consolidated financial statements do not include all of the information required to be disclosed in a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretations Announcements as endorsed and made effective by the Financial Supervisory Commission (hereinafter referred to as the “IFRSs endorsed by the FSC”).

Except as described below, the significant accounting policies adopted in these consolidated financial statements are the same as those applied in the consolidated financial statements for 2024. For related information, please refer to the consolidated financial statements for 2024.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(II) Basis of Consolidation

Subsidiaries included in the consolidated statements:

Name of the investment company	Name of the subsidiary	Nature of the business	Shareholding percentage			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	TSC Auto ID Technology EMEA GmbH (TSCAE)	Selling and buying of barcode printers and relevant components	100.00%	100.00%	100.00%	-
The Company	TSC Auto ID (H.K.) Ltd. (TSC HK)	Investment in production businesses and general imports/exports	100.00%	100.00%	100.00%	-
The Company	TSC Auto Technology America Inc. (TSCAA)	Selling and buying of barcode printers and relevant components	100.00%	100.00%	100.00%	-
The Company	Printronix Auto ID Technology Co., Ltd. (Printronix Auto ID Technology)	Selling and buying of barcode printers and relevant components	- %	- %	100.00%	Note 1
The Company	Diversified Labeling Solutions, Inc. (DLS)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100.00%	100.00%	100.00%	-
The Company	TSC Auto ID Technology India Private Limited (TSCIN)	Selling and buying of barcode printers and relevant components	100.00%	100.00%	100.00%	-
The Company	Mosfortico Investments sp. z o.o. (TSCPL)	General investment	100.00%	100.00%	100.00%	-
The Company	Bluebird Inc. (BB)	Production and sales of enterprise mobile computers and their components	99.85%	96.54%	- %	Note 3
The Company and BB	Bluebird Latin America S. de R.L. de CV (BBMX)	Production and sales of enterprise mobile computers and their components	100.00%	100.00%	- %	Notes 2, Note 3
TSCAE	TSC Auto ID Technology ME, Ltd. FZE (TSCAD)	Selling and buying of barcode printers and relevant components	100.00%	100.00%	100.00%	-
TSCAE	TSC Auto ID Technology Spain, S.L.(TSCAS)	Selling and buying of	100.00%	100.00%	100.00%	-

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

		barcode printers and relevant components					
TSC HK	Tianjin TSC Auto ID Technology Co., Ltd. (Tianjin TSC Auto ID Technology)	Production and marketing of barcode printers and relevant components	100.00%	100.00%	100.00%	-	
DLS	Precision Press & Label, Inc. (PPL)	Selling of a variety of labels and printer consumables	100.00%	100.00%	100.00%	-	
TSCPL	MGN sp. z o.o. (MGN)	Printer consumables and customized design, integration, production and marketable of a variety of labels	100.00%	100.00%	100.00%	-	
BB	Bluebird USA Inc. (BBUS)	Production and sales of enterprise mobile computers and their components	100.00%	100.00%	-	%	Note 3
BB	Bluebird India R&D Center Private Ltd. (BBIN)	R&D and design of enterprise mobile computers and technical services	99.00%	99.00%	-	%	Note 3
BB	Bluebird Germany GmbH (BBDE)	Production and sales of enterprise mobile computers and their components	100.00%	100.00%	-	%	Note 3
BB	Bluebird Europe SL (BBES)	Production and sales of enterprise mobile computers and their components	100.00%	100.00%	-	%	Note 3
BB	Bluebird Japan Co., Ltd. (BBJP)	Production and sales of enterprise mobile computers and their components	100.00%	-	%	-	% Note 3

Note 1: The Board of Directors of the Printronix Auto ID Technology resolved to dissolve and liquidate the company in the board meeting held in May 2024. The liquidation was reported to the court.

Note 2: In November 2024, TSC Auto ID Technology Co., Ltd. acquired its Korean subsidiary BB through a business combination. BB holds 99.97% of the equity interest in BBMX. In November 2024, TSC Auto ID Technology Co., Ltd. acquired the remaining 0.03% equity interest in BBMX, and together with BB, holds 100%

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

of the equity interest in BBMX.

Note 3: These are immaterial subsidiaries, and their financial statements were not reviewed by independent accountants.

(III) Employee benefits

During interim periods, defined benefit pension costs are calculated using the actuarially determined pension cost rate as of the prior annual reporting date, applied on a year-to-date basis, and adjusted for significant market fluctuations and for material curtailments, settlements, or other significant one-time events occurring after that reporting date.

(IV) Income taxes

The Group measures and discloses interim income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is calculated by applying management’s best estimate of the annual effective tax rate to the interim period’s pre-tax net income, and is fully recognized as income tax expense for the period.

Where income tax expense is recognized directly in equity or in other comprehensive income, it is measured on the temporary differences between the carrying amounts of the related assets and liabilities for financial reporting purposes and their respective tax bases, using the tax rate expected to apply when the asset is realized or the liability is settled.

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

When preparing these consolidated financial statements in accordance with the Regulations and IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission, management is required to make judgments and estimates about the future (including climate-related risks and opportunities), which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Except as described below, the significant judgments made in applying the Group’s accounting policies and the key sources of estimation uncertainty in the preparation of these consolidated financial statements are consistent with those applied in the consolidated financial statements for 2024.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

VI. Details of significant accounts

(I) Cash and Cash Equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Vault cash and petty cash	\$ 82	140	202
Checks and demand deposits	1,393,140	1,542,852	753,972
Fixed-term deposits	200,000	279,887	214,897
Bills sold under repurchase agreements	-	-	200,000
Cash and cash equivalents as presented in the consolidated statement of cash flows	<u>\$ 1,593,222</u>	<u>1,822,879</u>	<u>1,169,071</u>

For disclosures of interest rate risk and sensitivity analysis of the Group's financial assets and liabilities, please refer to Note 6(22).

(II) Financial assets and liabilities measured at fair value through profit or loss

	June 30, 2025	December 31, 2024	June 30, 2024
Current:			
Financial assets designated at fair value through profit or loss:			
Currency forwards	<u>\$ -</u>	<u>43</u>	<u>-</u>
Financial liabilities mandatorily measured at fair value through profit or loss:			
Currency forwards	\$ -	330	369
Contingent consideration	35,014	68,931	54,497
	<u>\$ 35,014</u>	<u>69,261</u>	<u>54,866</u>
Non-current:			
Financial liabilities mandatorily measured at fair value through profit or loss:			
Contingent consideration	<u>\$ 27,176</u>	<u>26,784</u>	<u>20,718</u>

On June 12, 2023, the Group acquired 100% equity interest in MGN and deposited EUR

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

1,292 thousand into a third-party escrow account as the final payment to ensure that both parties fulfilled their obligations under the acquisition agreement. The escrowed funds were settled on January 7, 2025.

The Group has disclosed credit, currency, and interest rate risks related to financial instruments in Note 6(22).

Derivative financial instrument transactions are undertaken to hedge against exchange rate risks arising from operating activities. As hedge accounting is not applied, derivatives are presented as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading. The details are as follows:

Currency forwards:

December 31, 2024					
	Nominal value			Currency	Maturity
Short forwards	USD	2,000/NTD	65,129	USD to NTD	January 20, 2025- January 21, 2025
Short forwards	EUR	1,000/NTD	34,154	Euro to NTD	January 20, 2025

June 30, 2024					
	Nominal value			Currency	Maturity
Short forwards	USD	2,000/NTD	64,497	USD to NTD	July 24, 2024

(III) Financial assets measured at fair value through other comprehensive incomes

	June 30, 2025	December 31, 2024	June 30, 2024
Equity instrument measured at fair value through other comprehensive income:			
Domestic TPEX-listed stocks	\$ 766,878	849,072	1,209,768

The Group holds these equity instrument investments as long-term strategic investments rather than for trading purposes and has therefore designated them as measured at fair value through other comprehensive income.

(IV) Notes and Accounts Receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ -	-	1
Accounts receivable	1,956,555	1,847,554	1,348,815
Accounts receivable – affiliated parties	-	24	19

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Less: allowance for losses	57,665	58,633	27,117
	<u>\$ 1,898,890</u>	<u>1,788,945</u>	<u>1,321,718</u>

The Group applies a simplified approach to estimate expected credit losses (ECL) on all notes receivable and accounts receivable, i.e., using lifetime expected credit losses. For this purpose, such notes receivable and accounts receivable are grouped based on shared credit risk characteristics representing customers' ability to pay all amounts due in accordance with the contractual terms, and forward-looking information has been incorporated. The analysis of expected credit losses on the Group's notes receivable and accounts receivable is as follows:

	June 30, 2025		
	Carrying amount of accounts receivable	Weighted-average expected credit loss rate	Allowance for lifetime expected credit losses
Not overdue	\$ 1,598,341	0.60%	9,583
Overdue 1~90 days and below	227,057	1.00%	2,271
Overdue 91~180 days	16,811	3.00%	504
Overdue 181~270 days	68,260	5.00%	3,413
Overdue 271~365 days	4,658	10.00%	466
Overdue 365 and above	<u>41,428</u>	<u>100.00%</u>	<u>41,428</u>
	<u>\$ 1,956,555</u>		<u>57,665</u>

	December 31, 2024		
	Carrying amount of accounts receivable	Weighted-average expected credit loss rate	Allowance for lifetime expected credit losses
Not overdue	\$ 1,369,204	0.88%	11,999
Overdue 1~90 days and below	399,486	1.00%	3,995
Overdue 91~180 days	22,192	3.00%	666
Overdue 181~270 days	12,949	5.00%	647
Overdue 271~365 days and above	2,663	10.00%	266
Overdue 365 and above	<u>41,060</u>	<u>100.00%</u>	<u>41,060</u>
	<u>\$ 1,847,554</u>		<u>58,633</u>

	June 30, 2024		
	Carrying amount of accounts receivable	Weighted-average expected credit loss rate	Allowance for lifetime expected credit losses

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Not overdue	\$	1,101,436	0.57%	6,329
Overdue 1~90 days and below		196,237	1.00%	1,962
Overdue 91~180 days		20,058	3.00%	602
Overdue 181~270 days		5,420	5.00%	271
Overdue 271~365 days		8,569	10.00%	857
Overdue 365 and above		<u>17,096</u>	100.00%	<u>17,096</u>
	\$	<u>1,348,816</u>		<u>27,117</u>

The movements in the allowance for losses on the Group's notes receivable and accounts receivable are as follows:

		January to June 2025	January to June 2024
Balance at the beginning of the period	\$	58,633	27,822
Impairment losses recognized		1,909	-
Reversal of impairment losses		-	(1,490)
Amounts written off as uncollectible during the year		-	(6)
Recovery of bad debts that were written off		-	61
Effect of exchange rate changes		<u>(2,877)</u>	730
Balance at the end of the period	\$	<u>57,665</u>	<u>27,117</u>

As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group's notes receivable and accounts receivable had neither been discounted nor pledged as collateral.

(V) Inventory

	June 30, 2025	December 31, 2024	June 30, 2024
Finished goods	\$ 737,961	852,798	724,056
Semi-finished goods	490,801	424,752	289,722
Work in process	74,340	27,450	85,848
Raw materials	<u>741,389</u>	<u>705,639</u>	<u>529,801</u>
	<u>\$ 2,044,491</u>	<u>2,010,639</u>	<u>1,629,427</u>

Details of cost of sales are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Cost of goods sold	\$ 2,046,556	1,377,367	4,048,261	2,659,335
Inventory valuation losses	<u>13,920</u>	<u>(369)</u>	<u>19,602</u>	<u>1,748</u>

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(reversal gains)

Total	<u>\$ 2,060,476</u>	<u>1,376,998</u>	<u>4,067,863</u>	<u>2,661,083</u>
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As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group's inventories had not been pledged as collateral.

(VI) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress	Total
Carrying amount:						
January 1, 2025	\$ 230,580	299,382	734,223	101,506	76,700	1,442,391
June 30, 2025	\$ 230,653	287,359	668,512	99,267	100,938	1,386,729
January 1, 2024 (after adjustment)	\$ 230,461	305,827	593,316	82,894	63,651	1,276,149
June 30, 2024	\$ 230,532	302,834	681,163	86,197	8,433	1,309,159

During the periods from January 1 to June 30, 2025 and 2024, the Group had no significant additions, disposals, or recognition or reversal of impairment related to property, plant and equipment. For depreciation recognized in the current period, please refer to Note 12. For other related information, please refer to the consolidated financial statements for 2024.

As of June 30, 2025, December 31, 2024, and June 30, 2024, details of property, plant and equipment pledged as collateral for long-term borrowings are disclosed in Note 8.

(VII) Right-of-use assets

	Buildings and structures	Transportation equipment	Machinery and equipment	Total
Carrying amount:				
January 1, 2025	\$ 651,955	10,648	16,038	678,641
June 30, 2025	\$ 530,256	11,596	14,825	556,677
January 1, 2024	\$ 117,832	12,976	17,493	148,301
June 30, 2024	\$ 274,434	11,995	17,507	303,936

During the periods from January 1 to June 30, 2025 and 2024, the Group had no significant additions or recognition or reversal of impairment related to right-of-use assets for leased land, buildings, machinery, and transportation equipment. For other related information, please refer to the consolidated financial statements for 2024.

(VIII) Goodwill

	June 30, 2025	December 31, 2024	June 30, 2024
Cost			
Balance at the beginning of the period	\$ 1,945,645	1,261,280	1,261,280

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Acquisition through business combination	-	638,578	-
Effect of exchange rate changes	<u>(130,936)</u>	<u>45,787</u>	<u>62,918</u>
Balance at the end of the period	<u>\$ 1,814,709</u>	<u>1,945,645</u>	<u>1,324,198</u>

Distribution of carrying amount of goodwill to the following cash generating units:

	December 31,		
	June 30, 2025	2024	June 30, 2024
Printer business group	\$ 821,015	918,669	909,282
Label business - DLS	188,476	210,893	208,738
Label business - MGN	207,240	204,252	206,178
Mobile device business - Bluebird brand	597,978	611,831	-
Total	<u>\$ 1,814,709</u>	<u>1,945,645</u>	<u>1,324,198</u>

To provide customers with a complete automatic identification system solution and to enhance the Group's overall market share and brand competitiveness, in November 2024 the Company acquired 96.54% equity interest in BB for KRW 118,740,223 thousand (approximately NT\$2,783,490 thousand translated at the acquisition date exchange rate). In June 2025, the Company further acquired 3.31% equity interest in BB for KRW 4,070,422 thousand, thereby increasing its ownership to 99.85%. For related information, please refer to Note 6(16).

(IX) Other Intangible Assets

	Customer relations	Software	Trademarks	Knowhow & technology	Patents	Others	Total
Carrying amount:							
January 1, 2025	<u>\$ 722,902</u>	<u>96,864</u>	<u>102,168</u>	<u>81,934</u>	<u>80</u>	<u>69,059</u>	<u>1,073,007</u>
June 30, 2025	<u>\$ 671,653</u>	<u>80,104</u>	<u>88,930</u>	<u>65,845</u>	<u>40</u>	<u>68,886</u>	<u>975,458</u>
January 1, 2024 (after adjustment)	<u>\$ 325,156</u>	<u>64,146</u>	<u>-</u>	<u>29,425</u>	<u>-</u>	<u>-</u>	<u>418,727</u>
June 30, 2024	<u>\$ 326,057</u>	<u>57,651</u>	<u>-</u>	<u>23,635</u>	<u>-</u>	<u>-</u>	<u>407,343</u>

During the periods from January 1 to June 30, 2025 and 2024, the Group had no significant additions, disposals, or recognition or reversal of impairment related to intangible assets. For amortization recognized in the current period, please refer to Note 12. For other related information, please refer to the consolidated financial statements for 2024.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(X) Short-term loans

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 1,642,395	1,835,419	679,208
Secured bank loans	-	6,217	10,509
	<u>\$ 1,642,395</u>	<u>1,841,636</u>	<u>689,717</u>
Unused credit facilities	<u>\$ 1,697,105</u>	<u>1,841,920</u>	<u>2,467,542</u>
Interest rate range	<u>1.79%~5.16%</u>	<u>1.77%~7.52%</u>	<u>4.41%~7.54%</u>

1. Issuance and repayment of loans

During the periods from January 1 to June 30, 2025 and 2024, the Group had no significant issuance, repurchase, or repayment of short-term borrowings. For other related information, please refer to the consolidated financial statements for 2024.

2. Collateral for bank loans

For details of the Group's assets pledged as collateral for bank borrowings, please refer to Note 8.

3. Exposure to interest rate, foreign currency, and liquidity risks related to the Group's borrowings is disclosed in Note 6(22).

(XI) Long-term loans

	June 30, 2025		
	Interest rate range (%)	Maturity year	Amount
Unsecured bank loans	1.83~1.93%	2028.03.1 4	\$ 1,100,000
	2.38%~4.00%	2029.11.1 4	<u>1,106,901</u>
			2,206,901
Less: portion due within one year			(219,197)
			<u>(6,962)</u>
Total			<u>\$ 1,980,742</u>
Unused credit facilities			<u>\$ 800,000</u>
	December 31, 2024		
	Interest rate range (%)	Maturity year	Amount
Unsecured bank loans	1.77%~1.88%	2027.12.0 2	\$ 540,000
Secured bank loans (Note 1 and Note 2)	2.37%~4.91%	2029.11.1 4	<u>2,011,009</u>

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

	2,551,009
	(7,797)
Less: portion due within one year	<u>(207,442)</u>
Total	<u>\$ 2,335,770</u>
Unused credit facilities	<u>\$ 560,000</u>

	June 30, 2024	
	Interest rate range (%)	Maturity year
		Amount
Unsecured bank loans	1.77%~4.18%	2026.03.1 3
		\$ 440,000
Secured bank loans (Note 2)	4.17%~7.54%	2027.12.1 5
		<u>15,423</u>
		455,423
Less: portion due within one year		<u>(8,443)</u>
Total		<u>\$ 446,980</u>
Unused credit facilities		<u>\$ 500,000</u>

During the periods from January 1 to June 30, 2025 and 2024, the Group had no significant issuance, repurchase, or repayment of long-term borrowings. For other related information, please refer to the consolidated financial statements for 2024. Exposure to interest rate, foreign currency, and liquidity risks related to the Group's borrowings is disclosed in Note 6(22).

Note 1: The Company pledged the equity interest acquired in BB as collateral. The proceeds of this borrowing were used to pay the cash consideration and related expenses for the acquisition of BB.

Note 2: For details of the Group's assets pledged as collateral for bank borrowings, please refer to Note 8.

(XII) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Dividends payable	\$ 474,481	-	612,854
Salaries payable	247,466	259,307	271,792
Others	215,744	222,986	179,786
	<u>\$ 937,691</u>	<u>482,293</u>	<u>1,064,432</u>

(XIII) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u>\$ 116,956</u>	<u>120,939</u>	<u>83,388</u>
Non-current	<u>\$ 459,606</u>	<u>567,344</u>	<u>203,706</u>

For maturity analysis, please refer to Note 6(22) Financial Instruments.

The amounts recognized in profit or loss for leases were as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense on lease liabilities	<u>\$ 11,798</u>	<u>4,692</u>	<u>24,833</u>	<u>8,161</u>
Expense relating to short-term leases	<u>\$ 614</u>	<u>754</u>	<u>1,269</u>	<u>1,344</u>
Expense relating to leases of low-value assets	<u>\$ 3,196</u>	<u>697</u>	<u>6,513</u>	<u>1,665</u>

The amounts recognized in the statement of cash flows for leases were as follows:

	January to June 2025	January to June 2024
Total cash (outflow) for leases	<u>\$ 91,264</u>	<u>76,378</u>

As of June 30, 2025, the Group leased buildings, transportation equipment, and machinery for offices, plants, company vehicles, and daily operations, with lease terms ranging from 1 to 11 years. For the offices and warehouses in the United States, it is agreed that the lease payment will be increased by 2.5% to 10.8% per year; the lease payment of the office in India will be adjusted by 4-5% per year.

(XIV) Employee benefit

1. Defined benefit plan

Since no significant market fluctuations, curtailments, settlements, or other significant one-time events occurred after the end of the prior financial year, the Company applied the actuarially determined pension cost as of December 31, 2024 and 2023 to measure and disclose defined benefit pension cost during the interim periods.

Details of expenses recognized by the Group are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating costs	\$ 28	25	56	51
Sales & marketing expenses	5	4	9	8

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Administrative expenses	23	20	45	39
R&D expenses	21	19	43	38
Total	<u>\$ 77</u>	<u>68</u>	<u>153</u>	<u>136</u>

2. Defined contribution plan

For the periods from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024, the pension expenses under the defined contribution retirement plan of the Group amounted to NT\$3,253 thousand, NT\$3,340 thousand, NT\$6,563 thousand, and NT\$6,645 thousand, respectively, and were contributed to the Bureau of Labor Insurance.

3. Overseas subsidiaries, in accordance with local laws, also apply defined contribution retirement plans. For the periods from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024, pension expenses recognized amounted to NT\$18,302 thousand, NT\$9,228 thousand, NT\$36,549 thousand, and NT\$18,332 thousand, respectively.

(XV) Income taxes

1. The Group's income tax expense was as follows:

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Income tax expense for the period				
Incurred during the period	\$ 40,245	46,203	105,827	88,235
Tax on undistributed earnings	5,922	10,985	5,922	10,985
Adjustments to prior years' current income tax	<u>(31,559)</u>	<u>(124)</u>	<u>(31,985)</u>	<u>(1,641)</u>
	<u>14,608</u>	<u>57,064</u>	<u>79,764</u>	<u>97,579</u>
Deferred income tax expense				
Arising from temporary differences	<u>35,551</u>	<u>14,988</u>	<u>11,574</u>	<u>31,847</u>
Income tax expense of continuing operations	<u>\$ 50,159</u>	<u>72,052</u>	<u>91,338</u>	<u>129,426</u>

2. Details of income tax (expense) benefit recognized in other comprehensive income were as follows:

<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
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Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Items that may be subsequently reclassified to profit or loss:

Exchange differences on translation of financial statements of foreign operations	<u>\$ (102,869)</u>	<u>9,586</u>	<u>(76,254)</u>	<u>35,141</u>
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3. For the periods from January 1 to June 30, 2025 and 2024, the Group did not recognize any income tax expense in equity.

4. The Company's corporate income tax returns have been assessed and approved by the tax authorities through 2023.

(XVI) Capital and other equity

Except as described below, there were no significant changes in the Group's capital and other equity during the periods from January 1 to June 30, 2025 and 2024. For related information, please refer to the consolidated financial statements for 2024.

1. Share capital

As of June 30, 2025, December 31, 2024, and June 30, 2024, the Company's authorized capital was NT\$800,000 thousand (of which NT\$80,000 thousand was reserved for the issuance of employee stock options), and paid-in capital was NT\$475,396 thousand, NT\$473,791 thousand, and NT\$471,501 thousand, respectively.

As of June 30, 2025, December 31, 2024, and June 30, 2024, 0.5 thousand shares, 22.9 thousand shares, and 7.5 thousand shares of the Company's issued capital, respectively, had not yet been registered with the New Taipei City Government.

2. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Share premium	\$ 520,735	501,374	473,786
Differences between the actual disposal or acquisition of subsidiaries' equity and carrying amounts	-	1,984	1,984
Lapsed stock options	123,244	123,244	123,244
Exercised employee stock options	68,593	63,466	51,957
Employee stock options	33,695	32,212	35,268
	<u>\$ 746,267</u>	<u>722,280</u>	<u>686,239</u>

As described in Note 6(8), the effects of changes in the Company's ownership interests

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

in BB on equity attributable to owners of the parent are as follows:	
Consideration paid to non-controlling interests	\$ 90,433
Carrying amount of non-controlling interests acquired	(73,505)
Deduction from capital surplus-difference between the consideration paid and the carrying amount of the subsidiary's equity acquired	<u>(1,984)</u>
Deduction from retained earnings-difference between the consideration paid and the carrying amount of the subsidiary's equity acquired	<u><u>\$ (14,944)</u></u>

3. Retained earnings

In accordance with the Company's Articles of Incorporation, if there is a surplus upon the final settlement of accounts for the year, the surplus shall first be used to pay taxes and to offset prior years' accumulated losses, then 10% shall be appropriated as legal reserve; however, when the legal reserve has reached the Company's paid-in capital, this requirement no longer applies. In addition, special reserve shall be appropriated as required by operations and applicable laws. If there is any remaining earnings, combined with the undistributed earnings at the beginning of the period, the Board of Directors shall propose an earnings distribution plan and submit it to the shareholders' meeting for approval.

As the Company's industry is in a growth stage and has plans and capital requirements for production line expansion in the coming years, a residual dividend policy is adopted. Earnings are retained first to meet funding requirements, and any remaining distributable earnings are distributed as cash dividends. However, the total annual dividends distributed shall not be less than 10% of distributable earnings, of which cash dividends shall not be less than 10% of the total dividends distributed for the year. If the cash dividend per share is less than NT\$0.2, cash dividends will not be distributed and stock dividends will be issued instead.

(1) Legal reserve

When there is no accumulated deficit, the Company may, by resolution of the shareholders' meeting, distribute new shares or cash from the legal reserve, limited to the portion exceeding 25% of paid-in capital.

(2) Special reserve

In accordance with regulations of the securities authority, when distributing earnings, the Company shall appropriate a special reserve from distributable earnings equal to any deduction from shareholders' equity for the year, which shall not be distributed. When such deductions from shareholders' equity are reversed in subsequent periods, the reversed portion may be distributed as earnings.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

When the Company first adopted the IFRSs as endorsed by the FSC, it elected to apply the exemptions under IFRS 1 “First-time Adoption of International Financial Reporting Standards.” Accordingly, revaluation increments of land and cumulative translation adjustments previously recognized under shareholders’ equity were transferred to retained earnings in the amount of NT\$8,597 thousand. An equivalent amount of special reserve was appropriated, which may be reversed and distributed in proportion to the use, disposal, or reclassification of the related assets. As of June 30, 2025 and 2024, the balance of such special reserve was NT\$8,597 thousand.

In accordance with FSC regulations, when distributing distributable earnings, the Company shall appropriate a special reserve from the current year’s after-tax net income and other items included in undistributed earnings equal to the difference between the deductions from other shareholders’ equity for the year and the balance of the aforementioned special reserve. For deductions from other shareholders’ equity accumulated in prior years, a special reserve shall be appropriated from prior years’ undistributed earnings, which shall not be distributed. When such deductions from other shareholders’ equity are subsequently reversed, the reversed portion may be distributed as earnings.

(3) Earnings distribution

On June 17, 2025 and June 18, 2024, the Company’s shareholders, at their annual meetings, resolved the earnings distribution plans for 2024 and 2023, respectively. The amounts of dividends distributed to owners were as follows:

	2024		2023	
	Payout ratio (NT\$)	Amount	Payout ratio (NT\$)	Amount
Dividends to common shareholders:				
Cash	9.98	<u>\$ 474,481</u>	13.00	<u>612,854</u>

	Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) of financial assets measured at fair value through other comprehensive incomes	Total
Balance at January 1, 2025	\$ (15,010)	249,194	234,184
Exchange differences on translation of net assets of foreign operations	(352,952)	-	(352,952)

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Unrealized loss of financial assets measured at fair value through other comprehensive incomes	-	(82,194)	(82,194)
Balance at June 30, 2025	<u>\$ (367,962)</u>	<u>167,000</u>	<u>(200,962)</u>
Balance at January 1, 2024	\$ (83,887)	848,156	764,269
Exchange differences on translation of net assets of foreign operations	140,564	-	140,564
Unrealized gain (loss) of financial assets measured at fair value through other comprehensive incomes	-	(238,266)	(238,266)
Balance at June 30, 2024	<u>\$ 56,677</u>	<u>609,890</u>	<u>666,567</u>

(XVII) Shares-based Payment

Except as described below, there were no significant changes in the Group's share-based payment arrangements during the periods from January 1 to June 30, 2025 and 2024. For related information, please refer to the consolidated financial statements for 2024.

In January 2025, the Company granted 145 units of employee stock options, with each unit entitling the holder to subscribe for 1,000 shares of common stock. The grantees included employees of the Company and its subsidiaries who met specified conditions. The time to maturity of these options is five years. The exercisable percentages in different years are as follows:

- (I) Up to 50% on the day following two years in issuance.
- (II) Up to 75% on the day following three years in issuance.
- (III) Up to 100% on the day following four years in issuance.

The exercise price is the closing price of the Company's ordinary shares on the day of issuance. The exercise price shall be adjusted according to the formula in case of change in the Company's ordinary shares.

The Group used the Black-Scholes option pricing model to estimate the fair value of share-based payments on the grant date.

Detailed information on the aforementioned employee stock options and treasury stock transfer plan is as follows:

	<u>January to June 2025</u>		<u>January to June 2024</u>	
(Expressed in thousands of units)	<u>Weighted-average exercise price (NT\$)</u>	<u>Number of stock options</u>	<u>Weighted-average exercise price (NT\$)</u>	<u>Number of stock options</u>
Outstanding as of January 1	130.1-227.3	1,082.5	202.91	1,366.0
Granted during the period	\$ 200.00	145	-	-
Exercised during the period	130.60	(160.5)	137.94	(9.5)

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Forfeited due to resignation during the period	227.30	(28)	241.00	(40.0)
Outstanding as of June 30	130.1-227.3	<u>1,039.0</u>	190.73	<u>1,316.5</u>
Exercisable as of June 30	-	<u>105.25</u>	-	<u>494.8</u>

The employee stock options granted by the Company in January 2025 were valued using the Black-Scholes option pricing model. The inputs to the valuation model were as follows:

	2025 Employee Stock Options
Share price on granted day	\$ 200
Exercise price	200
Expected volatility	19.42%–19.85%
Time to maturity	3.5–4.5 years
Expected dividend yield	0%
Risk-free rate	1.49%-1.54%

(XVIII) Revenue from contracts with customers

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Main markets:				
Asia	\$ 1,408,514	247,218	2,157,988	545,264
China	315,205	321,869	540,088	513,609
America	912,851	933,548	1,994,333	1,831,159
Europe	444,970	566,348	1,245,224	1,054,437
	<u>\$ 3,081,540</u>	<u>2,068,983</u>	<u>5,937,633</u>	<u>3,944,469</u>
Key products:				
Barcode printer components	\$ 1,278,012	1,231,249	2,424,541	2,294,671
Labels and printer consumables	933,600	837,734	1,871,126	1,649,798
Corporate mobile computers	869,928	-	1,641,966	-
	<u>\$ 3,081,540</u>	<u>2,068,983</u>	<u>5,937,633</u>	<u>3,944,469</u>

According to the consolidated company's agreement with distributors, if the purchase of certain models by distributors reaches the contracted volume, the consolidated company will provide incentives at a percentage of the procurement value or retrospective unit price

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

reductions for certain models. Based on past experience and consideration of different contractual terms, the Group estimates the possible amounts of sales incentives and recognizes them as refund liabilities (classified under other current liabilities). As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group's estimated refund liabilities amounted to NT\$93,147 thousand, NT\$99,003 thousand, and NT\$92,938 thousand, respectively.

(XIX) Employee and director remuneration

According to the Company's Articles of Incorporation amended on June 17, 2025, if the Company makes a profit in the annual final accounts, 2% to 10% shall be allocated as employee compensation, of which at least 1% shall be distributed to rank-and-file employees. The distribution, resolved by the Board of Directors, may be made in the form of shares or cash, and the recipients may include employees of controlled or affiliated companies who meet certain criteria, with such criteria to be determined by the Board of Directors. The Company may also allocate no more than 5% of the above-mentioned profit as director compensation, subject to a resolution of the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. In case of accumulated losses, profits should be used to offset the losses before distributing the aforesaid percentage as employees' remuneration and directors' remuneration.

Before the amendment, the Company's Articles of Incorporation stipulated that if there was a profit in the annual final accounts, at least 2% but not more than 10% should be allocated as employee compensation, to be distributed in the form of shares or cash as resolved by the Board of Directors. Eligible employees include the employees working for controlled or subordinated companies and meeting certain criteria defined by the Board of Directors. The Company may allocate up to 5% of the abovementioned profits as directors' remunerations according to the decision by the Board of Directors. The proposal for distribution of employees' remuneration and directors' remuneration should be reported to the shareholders' meeting. However, profits must first be retained to offset cumulated losses, if any. The remaining balance can then be allocated for employee remuneration and director remuneration at the above percentages.

For the periods from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024, the provisions for employee compensation were NT\$15,663 thousand, NT\$15,150 thousand, NT\$26,909 thousand, and NT\$25,874 thousand, respectively, and the provisions for director compensation were NT\$7,832 thousand, NT\$7,575 thousand, NT\$13,455 thousand, and NT\$12,937 thousand, respectively. These amounts were estimated

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

based on the Company's profit before tax for the respective periods, before deducting employee and director compensation, multiplied by the percentages stipulated in the Company's Articles of Incorporation for allocation to employee and director compensation, and were recognized as operating costs or operating expenses for the respective periods. If the actual distribution amounts in the following year differ from the estimated provisions, such differences are accounted for as changes in accounting estimates and recognized in profit or loss of the following year.

For 2024 and 2023, the provisions for employee compensation were NT\$45,030 thousand and NT\$61,968 thousand, respectively, and the provisions for director compensation were NT\$22,515 thousand and NT\$30,984 thousand, respectively. These amounts did not differ from the actual distributions, which were resolved by the Board of Directors on March 14, 2025 and March 15, 2024, respectively. Related information can be found on the Market Observation Post System (MOPS).

(XX) Non-operating incomes and expenses

1. Interest income

Details of the Group's interest income were as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Bank interests	\$ 5,696	4,117	9,543	6,930

2. Other incomes

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Dividend income	\$ 31,920	31,920	31,920	31,920
Other incomes	253	6,403	5,239	12,221
	<u>\$ 32,173</u>	<u>38,323</u>	<u>37,159</u>	<u>44,141</u>

3. Other gains and losses

Details of the Group's other gains and losses were as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Gain (loss) on disposal of property, plant and equipment	\$ 161	(21)	181	(449)
Exchange gain (loss)	(87,978)	14,189	(55,991)	42,990
Loss from financial instruments measured at fair value through	(1,039)	(2,582)	(2,870)	(6,682)

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

profit or loss				
Others	956	(997)	(111)	(1,832)
Other gains and losses, net	<u>\$ (87,900)</u>	<u>10,589</u>	<u>(58,791)</u>	<u>34,027</u>

4. Financial cost

Details of the Group's finance costs were as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense	\$ (23,979)	(12,118)	(53,082)	(23,875)
Lease liability interests	(11,798)	(4,692)	(24,833)	(8,161)
	<u>\$ (35,777)</u>	<u>(16,810)</u>	<u>(77,915)</u>	<u>(32,036)</u>

(XXI) Earnings per share

The Company's calculations of basic earnings per share and diluted earnings per share are as follows:

1. Basic earnings per share

(1) Net profit attributable to owners of the Company

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net profit attributable to owners of the Company	<u>\$ 226,541</u>	<u>228,477</u>	<u>410,084</u>	<u>388,257</u>

(2) Weighted-average number of common shares outstanding

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Weighted-average number of common shares outstanding	<u>47,496</u>	<u>47,150</u>	<u>47,458</u>	<u>47,146</u>
Basic EPS (NT\$)	<u>\$ 4.77</u>	<u>4.85</u>	<u>8.64</u>	<u>8.24</u>

2. Diluted earnings per share

(1) Net profit attributable to owners of the Company (diluted)

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net income used for the calculation of diluted earnings per share	<u>\$ 226,541</u>	<u>228,477</u>	<u>410,084</u>	<u>388,257</u>

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(2) Weighted-average number of common shares outstanding (diluted)

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Weighted-average number of common shares outstanding (basic)	47,496	47,150	47,458	47,146
Effects of dilutive potential ordinary shares				
Employee stock options	46	194	65	201
Effect of employee stock remuneration	139	112	222	215
Weighted-average number of common shares outstanding (after adjustment for the effect of dilutive potential common shares)	<u>47,681</u>	<u>47,456</u>	<u>47,745</u>	<u>47,562</u>
Diluted earnings per share (NT\$)	<u>\$ 4.75</u>	<u>4.81</u>	<u>8.59</u>	<u>8.16</u>

(XXII) Financial Instruments

1. Credit risks

(1) Maximum exposure to credit risk

The carrying amounts of financial assets and contract assets represent the maximum exposure to credit risk.

(2) Concentration of credit risk

As of June 30, 2025 and June 30, 2024, sales to the Group's top ten customers accounted for 40% and 39% of consolidated operating revenue, respectively. To mitigate credit risk, the Group periodically and continuously evaluates the financial condition of customers and the collectability of accounts receivable, and recognizes appropriate loss allowances.

(3) Credit risk of receivables and debt securities

For information on credit risk exposure related to notes receivable and accounts receivable, please refer to Note 6(4).

2. Liquidity risks

The following table sets out the contractual maturities of financial liabilities, including estimated interest but excluding the impact of netting arrangements.

	Carrying amount	Contractual cash flows	1 years	1-2 years	2-5 years	More than 5 years
June 30, 2025						
Non-derivative financial						

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

liabilities						
Short-term loans	\$	1,642,395	1,649,559	1,649,559	-	-
Accounts payable		882,865	882,865	882,865	-	-
Other payables		937,691	937,691	937,691	-	-
Long-term loans		2,199,939	2,361,437	264,969	398,110	1,698,358
Lease liabilities		576,562	816,194	193,144	154,071	450,523
	\$	6,239,452	6,647,746	3,928,228	552,181	2,148,881
						18,456
December 31, 2024						
Non-derivative financial liabilities						
Short-term loans	\$	1,841,636	1,849,084	1,849,084	-	-
Accounts payable		700,906	700,906	700,906	-	-
Other payables		482,293	482,293	482,293	-	-
Long-term loans		2,543,212	2,744,742	257,668	386,509	2,100,565
Lease liabilities		688,283	830,145	163,736	170,826	471,077
	\$	6,256,330	6,607,170	3,453,687	557,335	2,571,642
						24,506
June 30, 2024						
Non-derivative financial liabilities						
Short-term loans	\$	689,717	693,672	693,672	-	-
Accounts payable		764,362	764,362	764,362	-	-
Other payables		1,064,432	1,064,432	1,064,432	-	-
Long-term loans		455,423	467,635	16,573	448,297	2,765
Lease liabilities		99,942	335,581	99,942	74,354	144,164
	\$	3,073,876	3,325,682	2,638,981	522,651	146,929
						17,121

The Group does not expect the timing of cash flows in the maturity analysis to occur significantly earlier, nor the actual amounts to differ significantly.

3. Market risks

(1) Exchange rate risks

The Group's exposure to significant foreign currency exchange risk arising from financial assets and liabilities is as follows:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial Assets									
Monetary items									
USD	\$	48,999	29.3000	1,435,671	37,153	32.7850	1,218,061	22,421	32.4500
Euro		36,019	34.3500	1,237,252	31,547	34.1400	1,077,015	19,896	34.7100
CNY		45,481	4.0910	186,063	38,045	4.4780	170,366	47,662	4.4450
GBP		273	40.1600	10,964	239	41.1900	9,844	-	-
JPY		57,940	0.2034	11,785	40,315	0.2100	8,466	-	-
Total		188,712		2,881,735	147,299		2,483,752	89,979	
									1,630,009
Financial Liabilities									
Monetary items									
USD		16,794	29.3000	492,064	20,466	32.7850	670,978	10,728	32.4500
Euro		23,735	34.3500	815,297	24,084	34.1400	822,228	11,734	34.7100
CNY		70,320	4.0910	287,679	70,657	4.4780	316,402	44,071	4.4450
JPY		319,698	0.2034	65,027	268,602	0.2100	56,406	259,537	0.2017
Total		430,547		1,660,067	383,809		1,866,014	326,070	
									1,003,656

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

The Group's foreign exchange risk primarily arises from financial assets and liabilities denominated in foreign currencies, which result in foreign exchange gains or losses upon translation. As of June 30, 2025 and 2024, assuming a 3% depreciation or appreciation of the New Taiwan dollar against the U.S. dollar, euro, and Japanese yen, with all other variables held constant, net income after tax for the six months ended June 30, 2025 and 2024 would have increased or decreased by NT\$29,320 thousand and NT\$18,791 thousand, respectively. Both analyses were conducted on the same basis.

Since the Group has a variety of functional currencies, foreign exchange gain and loss information on monetary items is disclosed in aggregate. For the periods from April 1 to June 30, 2025 and 2024, and from January 1 to June 30, 2025 and 2024, foreign exchange gains (losses), including realized and unrealized, amounted to NT\$(87,978) thousand, NT\$14,189 thousand, NT\$(55,991) thousand, and NT\$42,990 thousand, respectively.

(2) Interest rate risks

The Group's interest rate risk on financial assets and liabilities is described under liquidity risk management in this note.

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments outstanding as of the reporting date. For floating-rate liabilities, the analysis assumes that the liabilities outstanding at the reporting date were outstanding for the entire year. The rate of fluctuation used internally by the Group to report to key management personnel is an increase or decrease of 1%, which also represents management's assessment of a reasonably possible change in interest rates.

If interest rates had increased or decreased by 1%, with all other variables held constant, net income for the six months ended June 30, 2025 and 2024 would have decreased or increased by NT\$30,739 thousand and NT\$9,161 thousand, respectively, mainly due to the Group's variable-rate bank borrowings.

(3) Other price risks

If equity security prices had changed as of the reporting date (both analyses were conducted on the same basis, assuming all other variables remain constant), the impact on comprehensive income items would have been as follows:

Equity security prices at the reporting date	January to June 2025		January to June 2024	
	After-tax amount recognized in other comprehensive	After-tax profit or loss	After-tax amount recognized in other comprehensive	After-tax profit or loss

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

	<u>income</u>		<u>sive income</u>	
Increase by 1%	<u>\$ 7,669</u>	-	<u>12,098</u>	-
Decrease by 1%	<u>\$ (7,669)</u>	-	<u>(12,098)</u>	-

4. Fair value information

(1) Categories and Fair Values of Financial Instruments

The Group measures at fair value on a recurring basis its financial assets and financial liabilities at fair value through profit or loss, hedging financial assets and liabilities, and financial assets at fair value through other comprehensive income. The carrying amounts and fair values of each category of financial assets and liabilities (including fair value hierarchy information, except for those financial instruments not measured at fair value for which the carrying amounts are reasonable approximations of fair value, and lease liabilities for which disclosure of fair value is not required) are presented as follows:

		June 30, 2025			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Marketable securities listed on TPEx-Equity investment	\$ 766,878	766,878	-	-	766,878
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 1,593,222	-	-	-	-
Notes and accounts receivable	1,898,890	-	-	-	-
Other receivables	48,281	-	-	-	-
Subtotal	3,540,393	-	-	-	-
Total	\$ 4,307,271	766,878	-	-	766,878
Financial liabilities measured at fair value through profit or loss					
Contingent consideration	\$ 62,190	-	-	62,190	62,190
Financial liabilities measured at amortized cost					
Accounts payable	882,865	-	-	-	-
Other payables	937,691	-	-	-	-
Lease liabilities	576,562	-	-	-	-
Bank borrowings	3,842,334	-	-	-	-
Subtotal	6,239,452	-	-	-	-

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Total	\$ 6,301,642	-	-	62,190	62,190
	December 31, 2024				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets	\$ 43	-	43	-	43
Financial assets measured at fair value through other comprehensive incomes					
Domestic TPEX-listed stocks	849,072	849,072	-	-	849,072
Total	\$ 849,115	849,072	43	-	849,115
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 330	-	330	-	330
Contingent consideration	95,715	-	-	95,715	95,715
Subtotal	96,045	-	330	95,715	96,045
Total	\$ 96,045	-	330	95,715	96,045
	June 30, 2024				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Marketable securities listed on TPEX-Equity investment	\$ 1,209,768	1,209,768	-	-	1,209,768
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 369	-	369	-	369
Contingent consideration	75,215	-	-	75,215	75,215
Total	\$ 75,584	-	369	75,215	75,584

(2) Fair value valuation techniques

The methods and assumptions applied by the Group in estimating the fair value of instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

If quoted prices are available in an active market, such market prices are used as fair value. Where no quoted market prices are available, fair value is estimated using valuation techniques or based on quotations from counterparties.

B. Financial assets and liabilities measured at amortized cost

If transaction prices or quotes from market makers are available, the most recent transaction prices and quotes are used as the basis for fair value measurement. Where no market values are available, fair value is estimated using valuation techniques. The valuation techniques involve estimating fair value based on the discounted cash flows.

(3) Fair value valuation techniques for financial instruments measured at fair value

A. Non-derivatives financial instruments

If quoted prices are available in an active market, such quoted prices are used as fair value. Quoted market prices announced by major exchanges and by the Taipei Exchange for government bonds designated as active securities are used as the basis for the fair value of listed (or OTC-traded) equity instruments and debt instruments with active market quotations.

For other financial instruments without active markets, fair values are obtained through valuation techniques or based on quotations from counterparties. Valuations may be derived from the current fair values of other instruments with substantially the same terms and characteristics, discounted cash flow analysis, or other valuation techniques, including models that incorporate market information available as of the reporting date (e.g., reference yield curves from the Taipei Exchange or average commercial paper rates quoted by Reuters).

B. Derivatives financial instruments

Fair values are determined using valuation models commonly accepted in the market, such as discounted cash flow analysis and option pricing models. Forward foreign exchange contracts are generally valued based on current forward exchange rates.

(4) Transfers between Level 1 and Level 2

The Group made no transfers between Level 1 and Level 2 fair value measurements during the periods from January 1 to June 30, 2025 and 2024.

(5) Quantitative information on significant unobservable inputs (Level 3)

The Group's Level 3 fair value measurements include financial liabilities measured at fair value through profit or loss – contingent consideration from business combinations.

Most of the Group's Level 3 fair value measurements involve a single significant

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

unobservable input; only equity investments without active markets involve multiple significant unobservable inputs. As the significant unobservable inputs for equity investments without active markets are independent of each other, no interrelationships exist.

Quantitative information on significant unobservable inputs is as follows:

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Contingent consideration agreement	Option pricing model	Volatility, risk-free interest rate, discount rate, and remaining contractual term	The higher the net asset value, the higher the fair value

(XXIII) Financial risk management

The objectives and policies of the Group's financial risk management were not significantly different from those disclosed in the consolidated financial statements for 2024.

(XXIV) Capital management

The objectives, policies, and procedures of the Group's capital management were consistent with those disclosed in the consolidated financial statements for 2024; in addition, the aggregated quantitative data for items regarded as part of capital management also did not differ significantly from those disclosed in the consolidated financial statements for 2024. For related information, please refer to the consolidated financial statements for 2024.

(XXV) Non-cash investing and financing activities

Non-cash investing and financing activities of the Group for the periods from January 1 to June 30, 2025 and 2024 were as follows:

A reconciliation of liabilities arising from financing activities is as follows:

	Non-cash changes					June 30, 2025
	January 1, 2025	Cash flow	Exchange rate changes	Others	Changes in lease payments	
Short-term loans	\$ 1,841,636	(177,579)	(21,662)	-	-	1,642,395
Long-term loans	2,543,212	(343,344)	71	-	-	2,199,939
Lease liabilities	688,283	(91,264)	(57,215)	36,758	-	576,562
Deposits received	1,970	-	(758)	-	-	1,212
Total liabilities from financing activities	<u>\$ 5,075,101</u>	<u>(612,187)</u>	<u>(79,564)</u>	<u>36,758</u>	<u>-</u>	<u>4,420,108</u>
Short-term loans	\$ 671,395	19,131	939	-	-	691,465
Long-term loans	620,029	(164,667)	216	(155)	-	455,423
Lease liabilities	137,157	(65,053)	4,647	8,161	202,182	287,094
Deposits received	1,971	-	72	-	-	2,043
Total liabilities from financing activities	<u>\$ 1,430,552</u>	<u>(210,589)</u>	<u>5,874</u>	<u>8,006</u>	<u>202,182</u>	<u>1,436,025</u>

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

VII. Related party transactions

(I) Names of related parties and relationships

The related parties that had transactions with the Group during the periods covered by these consolidated financial statements are as follows:

Name of the affiliated party	Relation with the consolidated company
Taiwan Semiconductor Co., Ltd. (Taiwan Semiconductor)	The Company's parent
Tianjin Everwell Technology Co., Ltd. (Tianjin Everwell)	Affiliated company
Yangxin Everwell Electronic Co., Ltd. (Yangxin Everwell)	Affiliated company
TSC America, Inc. (TSCA)	Affiliated company
Taiwan Semiconductor Europe GmbH (TSCE)	Affiliated company

(II) Significant transactions with related parties

1. Operating incomes

The Group's significant sales to related parties were as follows:

Itemized account	Affiliated party category/name	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Revenues	Parent company	\$ -	-	-	8
	Affiliated company	17	17	34	26
		\$ 17	17	34	34

2. Purchase

The amounts of the Group's purchases from related parties were as follows:

Affiliated party category/name	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	\$ 42	91	96	94

The purchase prices from the related parties mentioned above were not significantly different from those of purchases from other suppliers. The payment terms were 120 days, which were not significantly different from those granted by other suppliers.

3. Dividend income

The amounts of the Group's dividend income from related parties were as follows:

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Affiliated party category/name	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	<u>\$ 31,920</u>	<u>31,920</u>	<u>-</u>	<u>-</u>

4. Receivables from related parties

Details of the Group's receivables from related parties were as follows:

Itemized account	Affiliated party category/name	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	Affiliated company	\$ -	24	19
Other receivables	Parent company	31,920	-	31,920
	Affiliated company	<u>1,560</u>	<u>1,770</u>	<u>1,666</u>
		<u>\$ 33,480</u>	<u>1,794</u>	<u>33,605</u>

5. Payables to related parties

Details of the Group's payables to related parties were as follows:

Itemized account	Affiliated party category/name	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payable	Parent company	\$ 93	8	98
Other payables	Affiliated company	<u>-</u>	<u>-</u>	<u>1,606</u>
		<u>\$ 93</u>	<u>8</u>	<u>1,704</u>

6. Other related party transactions

Itemized account	Affiliated party category/name	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Lease income	Affiliated company	<u>\$ 552</u>	<u>546</u>	<u>1,119</u>	<u>1,082</u>

(III) Transaction with key management personnel

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Compensation of key management personnel comprised:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Shor-term employee benefits	\$ 24,064	24,844	52,233	51,367
Retirement benefits	196	176	436	410
Shares-based payment	1,326	1,382	2,638	2,708
	<u>\$ 25,586</u>	<u>26,402</u>	<u>55,307</u>	<u>54,485</u>

For details regarding share-based payments, please refer to Note 6(17).

VIII. Pledged assets

Except for those disclosed in Note 6(11), the carrying amounts of the Group's assets pledged as collateral were as follows:

Asset	Purpose of pledged	June 30, 2025	December 31, 2024	June 30, 2024
Land	Bank borrowings	\$ 5,218	5,143	5,191
Property, plant and equipment	Bank borrowings	51,585	51,835	52,777
Machinery and equipment	Bank borrowings	24,376	25,074	26,370
		<u>\$ 81,179</u>	<u>82,052</u>	<u>84,338</u>

IX. Material contingent liabilities and unrecognized contractual commitments

Material and Unrecognized Contractual Commitments

In accordance with customs regulations, the Company is required to provide a bank-issued guarantee to the customs for the release of imported goods prior to duty payment. As of June 30, 2025, December 31, 2024 and June 30, 2024, the guarantee amounts for customs duty endorsement were all NT\$4,000 thousand.

X. Major Disasters and Significant Losses: None.

XI. Major Events After the Reporting Period: None.

XII. Others

(I) Summary of employee benefits, depreciation, depletion, and amortization expenses by function:

By function	April to June 2025			April to June 2024		
By nature	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee benefit expenses						

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Salary expenses	163,815	339,073	502,888	149,099	241,209	390,308
Labor/health insurance premium	17,389	24,542	41,931	19,132	18,901	38,033
Pension expenses	6,060	15,572	21,632	6,133	6,503	12,636
Other employee benefit expenses	10,488	17,178	27,666	9,919	11,072	20,991
Depreciation expense	20,749	61,125	81,874	55,968	7,803	63,771
Amortization expenses	329	60,631	60,960	123	16,177	16,300

By function By nature	January to June 2025			January to June 2024		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee benefit expenses						
Salary expenses	323,631	669,987	993,618	292,850	467,167	760,017
Labor/health insurance premium	37,279	46,250	83,529	38,469	39,051	77,520
Pension expenses	13,211	30,054	43,265	12,691	12,422	25,113
Other employee benefit expenses	23,178	34,012	57,190	21,726	18,680	40,406
Depreciation expense	84,244	82,398	166,642	97,145	28,214	125,359
Amortization expenses	658	107,000	107,658	550	28,320	28,870

(II) Seasonality of Operations:

The Group's operations are not affected by seasonal or cyclical factors.

XIII. Supplementary disclosure

(I) Information on significant transactions:

For the period from January 1 to June 30, 2025, in accordance with the Regulations, the Group is required to disclose the following significant transactions:

1. Loans to Others:

Unit: NT\$ thousand

Serial No. (Note 1)	Financing company	Counter-party	Account name	Related party?	Highest balance of financing to other parties during the period	Balance at the end of the period	Amount actually drawn	Interest rate range	Nature for financing	Transaction amounts	Reason for need for short-term financing	Recognized allowance for losses	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Name	Value		
0	TSC	TSCAE	Other receivables-related parties	Yes	36,400	-	-	5.00%	2	-	Operating capital	-	None	-	907,380	1,814,759

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

0	TSC	TSCAE	Other receivables-related parties	Yes	182,000	171,750	123,660	5.00%	2	-	Operating capital	-	None	-	907,380	1,814,759
0	TSC	MGN	Other receivables-related parties	Yes	218,400	206,100	172,265	5.00%	2	-	Operating capital	-	None	-	907,380	1,814,759
0	TSC	MGN	Other receivables-related parties	Yes	218,400	206,100	-	5.00%	2	-	Operating capital	-	None	-	907,380	1,814,759
0	TSC	TSCPL	Other receivables-related parties	Yes	69,160	65,265	30,915	5.00%	2	-	Operating capital	-	None	-	907,380	1,814,759
1	BB	BBDE	Other receivables-related parties	Yes	3,640	3,435	-	4.60%	2	-	Operating capital	-	None	-	907,380	1,814,759
1	BB	BBDE	Other receivables-related parties	Yes	3,640	3,435	1,718	4.60%	2	-	Operating capital	1,718	None	-	907,380	1,814,759
1	BB	BBES	Other receivables-related parties	Yes	218	206	206	4.60%	2	-	Operating capital	206	None	-	907,380	1,814,759
1	BB	BBES	Other receivables-related parties	Yes	331	313	313	4.60%	2	-	Operating capital	313	None	-	907,380	1,814,759
2	DLS	TSC	Other receivables-related parties	Yes	99,615	87,900	87,900	6.00%	2	-	Operating capital	-	None	-	907,380	1,814,759

Note 1: (1) 0 for the Company.

(2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: Any need for short-term financing from the Company is capped at 20% of the book value of its most recent financial statements as reviewed by CPAs. The limit of the amount of loans between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or loans to foreign companies in which the Company holds 100% of the voting shares, shall not exceed 20% of the net value of the Company as stated in its latest financial statement that has been certified or reviewed by a CPA.

Note 3: The aggregate amount of the Company's lending to others is capped at 40% of the book value of its most recent financial statements as audited or reviewed by CPAs.

2. Endorsements and Guarantees for Others:

Unit: NT\$ thousand

Serial No. (Note 1)	Name of the endorsement/guarantee provider	Endorsed/ guaranteed entity		Limit of endorsements/ guarantees for a single company (Note 3)	Maximum balance of endorsements/guarantees during the period	Balance of endorsements/ guarantees as of the end of the period	Amount actually drawn	Endorsements and guarantees secured by property: Amount of secured assets	Cumulative endorsed/ guaranteed amount as the % of book value in the most recent financial statements	Maximum limit of endorsements/guarantees (Note 3)	Endorsements/ guarantees from the parent to subsidiaries	Endorsements/ guarantees from subsidiaries to the parent	Endorsements/ guarantees to entities in China
		Name of the company	Relation (Note 2)										
0	TSC	TSCAA	2	1,814,759	199,230	175,800	-	-	4.39%	2,722,193	Y	N	N

Note 1: (1) 0 for the Company.

(2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: No. 2 is the company with over 50% voting shares directly and indirectly owned by the Company.

Note 3: The aggregate endorsed/guaranteed amount and the maximum endorsement/guarantee to a single company is capped at 60% and 40%, respectively, of the Company's book value according to the most recent financial statements as audited or reviewed by CPAs.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Unit: NT\$ thousand

Investees	Names of types and names (Note 1)	Relation with the issuer (Note 2)	Itemized account	Ending Balance				Remarks
				No. of shares	Carrying amount (Note 3)	Shareholding percentage	Fair value	
The Company	Taiwan Semiconductor	Parent company	Financial assets measured at fair value through other comprehensive incomes – non-current	15,960	766,878	6.06 %	766,878	

4. Purchase from and sale to related parties for at least NT\$100 million or at an amount equivalent to 20% of the paid-in capital:

Unit: NT\$ thousand

Purchase (sale) company	Name of the counterparty	Relation	Transactions				Circumstances and reasons why transaction terms are not at an arm's length		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As % of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As % of total notes and account receivables (payables)	
TSC	TSCAE	Subsidiary	Sale	(429,056)	(24) %	135 days based on monthly statements	-		636,397	45%	
TSC	TSCAA	Subsidiary	Sale	(264,000)	(15) %	120 days based on monthly statements	-		366,738	26%	
TSC	Tianjin TSC Auto ID Technology	Sub-subsidiary	Sale	(174,067)	(10) %	60 days based on monthly statements	-		117,809	8%	
TSC	Tianjin TSC Auto ID Technology	Sub-subsidiary	Purchase	510,496	68 %	60 days based on monthly statements	-		(287,646)	(48)%	

5. Receivables from related parties for at least NT\$100 million or at an amount equivalent to 20% of the paid-in capital

Unit: NT\$ thousand

Company from which receivables are recognized	Name of the counterparty	Relation	Balance of receivables from related parties (Note 1)	Turnover	Overdue receivables from affiliated parties		Receivables from affiliated parties Recovered receivables (Note 2)	Recognized allowance for losses
					Amount	Treatment		
TSC	TSCAE	Subsidiaries	636,397	1.30%	212,330		59,523	-
TSC	TSCAA	Subsidiaries	366,738	1.43%	145,766		45,630	-
TSC	Tianjin TSC Auto ID Technology	Sub-subsidiary	117,809	5.17%	-		44,784	-
Tianjin TSC Auto ID Technology	TSC	Parent company	287,646	3.36%	-		65,467	-

Note 1: Recovered amount as of August 1, 2025.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

6. Business relationships and significant intercompany transactions:

Unit: NT\$ thousand

No.	Entity concerned	Name of the counterparty	Relation with the counterparty (Note 1)	Transaction with the counterparty			
				Item	Amount	Transaction terms and conditions	As % of the consolidated total operating revenue or the consolidated total assets (Note 2)
0	The Company	TSCAA	1	Accounts receivable	366,738	Note 2	3.04%
0	The Company	TSCAA	1	Revenues	264,000	Note 2	4.44%
0	The Company	TSCAA	1	R&D expenses	66,652	Note 2	1.12%
0	The Company	TSCAE	1	Accounts receivable	636,397	Note 2	5.28%
0	The Company	TSCAE	1	Revenues	429,056	Note 2	7.22%
0	The Company	Tianjin TSC Auto ID Technology	1	Accounts receivable	117,809	Note 2	0.98%
0	The Company	Tianjin TSC Auto ID Technology	1	Revenues	174,067	Note 2	2.93%
0	The Company	Tianjin TSC Auto ID Technology	1	Accounts payable	287,646	Note 2	2.39%
0	The Company	Tianjin TSC Auto ID Technology	1	Purchase	510,496	Note 2	8.59%

Note 1: Relation with the counterparty:

1. The parent to a subsidiary.
2. Subsidiary to the parent.
3. Subsidiary to a subsidiary.

Note 2: Transactions as a percentage of the consolidated total revenue or the consolidated total assets: If the transactions are a balance sheet item, the balance at the end of the period is calculated as a percentage of consolidated total assets. If the transactions are an income statement item, the cumulative amount is calculated as a percentage of the consolidated total revenue.

Note 3: Sales prices are based on market prices, with collection periods ranging from 60 to 135 days after month-end.

Note 4: The disclosure of significant transactions in this schedule may be determined by the Company based on the materiality principle.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(II) Information on investees:

The Group's investment information for the second quarter of 2025 is as follows (excluding investee companies in mainland China):

Unit: NT\$ thousand

Name of the investment company	Name of the investee	Location	Primary business	Original invested amount		Holdings at the end of the year			Profit or loss of the investee during the period	Recognized investment gain (loss) during the period	Remarks
				End of this period	End of last year	No. of shares	Ratio	Carrying amount (Note 6)			
The Company	TSCAE	Germany	Sale of barcode printers and relevant components	2,943	2,943	- (Note 3)	100.00%	(60,462)	(17,366)	(17,366) (Note 1)	Subsidiaries
The Company	TSCAA	United States	Sale of barcode printers and relevant components	1,096,621	1,096,621	16,000	100.00%	1,064,461	(28,670)	(28,670) (Note 1)	Subsidiaries
The Company	DLS	United States	Printer consumables and customized design, integration, production and marketable of a variety of labels	801,558	801,558	1	100.00%	1,403,062	34,958	34,958 (Note 1)	Subsidiaries
The Company	TSCIN	India	Sale of barcode printers and relevant components	2,791	2,791	710	100.00%	896	(820)	(820) (Note 1)	Subsidiaries
The Company	TSCPL	Poland	General investment	498,827	498,827	- (Note 3)	100.00%	468,226	(9,776)	(9,776) (Note 1)	Subsidiaries
The Company	BB	Korea	Production and sales of enterprise mobile computers and their components	2,856,995	2,783,490	7,010	99.85%	2,814,658	204,510	101,923 (Note 1)	Subsidiaries
The Company	TSCHK	Hong Kong	Investment in production businesses and general imports/exports	47,468	47,468	12,711	100.00%	605,345	(22,205)	(22,205) (Note 1)	Subsidiaries
The Company	BBMX	Mexico	Production and sales of enterprise mobile computers and their components	- (Note 5)	- (Note 5)	- (Note 3)	0.03%	-	(3,874)	(1) (Note 2)	Subsidiaries
TSCAE	TSCAD	United Arab Emirates	Sale of barcode printers and relevant components	8,234	8,234	- (Note 3)	100.00%	(382)	(1,103)	(1,103) (Note 1)	Sub-subsidiary
TSCAE	TSCAS	Spain	Sale of barcode printers and relevant components	124	124	- (Note 3)	100.00%	3,501	230	230 (Note 1)	Sub-subsidiary
DLS	PPL	United States	Selling of a variety of labels and printer consumables	115 (USD thousand)	115 (USD thousand)	850	100.00%	48,866	3,671	3,671 (Note 1)	Sub-subsidiary
TSCPL	MGN	Poland	Production and sales of enterprise mobile computers and their components	71,613 (PLN thousand)	71,613 (PLN thousand)	2	100.00%	170,435	(4,635)	(4,635) (Note 1)	Sub-subsidiary

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

BB	BBMX	Mexico	Production and sales of enterprise mobile computers and their components	5	5	- (Note 3)	99.97%	5	(3,874)	(3,873) (Note 2)	Sub-subsidiary
BB	BBUS	United States	Production and sales of enterprise mobile computers and their components	2,920	2,920	- (Note 4)	100.00%	-	(33)	(33) (Note 2)	Sub-subsidiary
BB	BBIN	India	R&D and design of enterprise mobile computers and technical services	4,078	4,078	990	99.00%	5,142	(608)	(602) (Note 2)	Sub-subsidiary
BB	BBDE	Germany	Production and sales of enterprise mobile computers and their components	756	756	- (Note 3)	100.00%	-	2,001	2,001 (Note 2)	Sub-subsidiary
BB	BBES	Spain	Production and sales of enterprise mobile computers and their components	1,265	1,265	- (Note 3)	100.00%	1,092	(112)	(112) (Note 2)	Sub-subsidiary
BB	BBJP	Japan	Production and sales of enterprise mobile computers and their components	2,086	-	- (Note 3)	100.00%	2,086	-	- (Note 2)	Sub-subsidiary

Note 1: Recognized based on the investee company's financial statements reviewed by independent accountants.

Note 2: Recognized based on the investee company's financial statements not reviewed by independent accountants.

Note 3: The company license only specifies the amount of invested capital without the number of shares.

Note 4: Figure not shown as the Company held less than one thousand shares.

Note 5: Not listed as the investment amount is less than \$ 1,000.

Note 6: Carrying amount net of unrealized gains from sales.

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

(III) Information on investments in China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

Unit: NT\$ thousand

Names of investees in China	Primary business	Paid-in capital (Note 2)	Investment method (Note 1)	Cumulative outward investments from Taiwan at the beginning of this period (Note 2)	Outward remittances or recovered investments during the period		Cumulative outward investments from Taiwan at the end of this period (Note 5)	Profit or loss of the investee during the period	Holding by the Company directly and indirectly	Recognized investment gain or loss during the period	Carrying value of the investment at the end of the period	Total repatriated investment gains as of the end of this period
					Outward remittances	Recovered investments						
Tianjin TSC Auto ID Technology	Production and marketing of barcode printers and relevant components	42,956	(II)	43,950	-	-	43,950	(11,236)	100.00%	(11,236)	698,037	998,407

Note 1: Item (2) refers to reinvestment in companies in mainland China through existing companies in third regions.

Note 2: The foreign currency amounts listed in this table were translated into New Taiwan dollars at the RMB exchange rate of 4.091 as of June 30, 2025.

2. Limitation on investment in Mainland China:

Cumulative outward investments from Taiwan to China at the end of this period	Investment amount approved by the Investment Commission, MOEA	Ceiling imposed by the Investment Commission, MOEA on investments in China
43,950 (USD1,500 thousand)	43,950 (USD1,500 thousand)	2,722,139

3. Significant transactions with investees in mainland China:

For the period from January 1 to June 30, 2025, significant transactions directly or indirectly conducted between the Group and its investee companies in mainland China were eliminated in the preparation of the consolidated financial statements. For details, please refer to the disclosure under “Significant Transaction Information”.

XIV. Segment information

The Group’s operating segment information and reconciliations are as follows:

	Barcode printer and its components	Various printer labels and its consumables	Corporate mobile computers	Intersegment adjustment	Total
April to June 2025					
Revenue:					

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

Revenue from external customers	\$ 1,278,012	933,600	869,928	-	3,081,540
Intersegment revenue	<u>125,940</u>	<u>2,161</u>	<u>16,324</u>	<u>(144,425)</u>	<u>-</u>
Total revenue	<u>\$ 1,403,952</u>	<u>935,761</u>	<u>886,252</u>	<u>(144,425)</u>	<u>3,081,540</u>
Reporting segment profit or loss	<u>\$ 190,912</u>	<u>23,838</u>	<u>93,265</u>	<u>(29,569)</u>	<u>278,446</u>

April to June 2024

Revenue:

Revenue from external customers	\$ 1,231,249	837,734	-	-	2,068,983
Intersegment revenue	<u>1,037</u>	<u>3,288</u>	<u>-</u>	<u>(4,325)</u>	<u>-</u>
Total revenue	<u>\$ 1,232,286</u>	<u>841,022</u>	<u>-</u>	<u>(4,325)</u>	<u>2,068,983</u>
Reporting segment profit or loss	<u>\$ 284,345</u>	<u>20,128</u>	<u>-</u>	<u>(3,944)</u>	<u>300,529</u>

Notes to Consolidated Financial Statements of TSC Auto ID Technology Co., Ltd. and Its Subsidiaries (continued)

	Barcode printer and its components	Various printer labels and its consumables	Corporate mobile computers	Intersegment adjustment	Total
January to June 2025					
Revenue:					
Revenue from external customers	\$ 2,424,541	1,871,126	1,641,966	-	5,937,633
Intersegment revenue	<u>126,428</u>	<u>4,606</u>	<u>17,382</u>	<u>(148,416)</u>	<u>-</u>
Total revenue	<u>\$ 2,550,969</u>	<u>1,875,732</u>	<u>1,659,348</u>	<u>(148,416)</u>	<u>5,937,633</u>
Reporting segment profit or loss	<u>\$ 403,327</u>	<u>37,400</u>	<u>224,686</u>	<u>(160,450)</u>	<u>504,963</u>
January to June 2024					
Revenue:					
Revenue from external customers	\$ 2,294,671	1,649,798	-	-	3,944,469
Intersegment revenue	<u>1,180</u>	<u>5,703</u>	<u>-</u>	<u>(6,883)</u>	<u>-</u>
Total revenue	<u>\$ 2,295,851</u>	<u>1,655,501</u>	<u>-</u>	<u>(6,883)</u>	<u>3,944,469</u>
Reporting segment profit or loss	<u>\$ 497,196</u>	<u>45,426</u>	<u>-</u>	<u>(24,939)</u>	<u>517,683</u>